

**THIRD IMPLEMENTATION PLAN**

**FOR THE**

**GATEWAY CENTER WEST REDEVELOPMENT PROJECT**

**PREPARED FOR**

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## **I. INTRODUCTION**

This document contains the five-year Implementation Plan for the period of July 2004 – June 2009 for the Gateway Center West Redevelopment Project (Project Area), administered by Southeastern Economic Development Corporation (SEDC). The Implementation Plan is being prepared and adopted in accordance with State Health and Safety Code Section 33490 and related sections. These sections outline the purpose and requirements of the Implementation Plan as follows:

- Agencies were required to adopt their first five-year Plan(s) for existing Project Areas by December 1994.
- Each Plan must state the Agency's goals and objectives for the Project Area, identify specific programs and expenditures over the next five years, and describe how these goals and objectives, programs, and expenditures will alleviate blight.
- Each Plan must identify approaches to increase, improve and preserve the supply of low and moderate income housing. The Plan must further incorporate a plan to meet mandated housing production, affordability, and targeting income requirements.
- Each Plan can be adopted only after conducting a noticed public hearing.

### **A. Southeastern Economic Development Corporation**

SEDC serves as the Redevelopment Agency's representative in managing redevelopment and economic development activities within a 7.2-square-mile area in Southeastern San Diego. SEDC's area of influence is bounded by Highway 94 on the north, Interstate 5 on the south and west, the City of National City on the south, and 69<sup>th</sup> Street on the east (Figure 1). SEDC's mission is:

*"To implement and encourage the development of quality commercial services and housing development. To eliminate blight, adverse environmental conditions, and to foster long-term job opportunities for Southeastern residents. To promote growth and enhancement for all residents in the SEDC area of influence."*

### **B. Gateway Center West Redevelopment Project**

The Dells Redevelopment Plan was adopted on November 17, 1976. The name was changed to Gateway Center West in 1985. The Project Area contains approximately 59

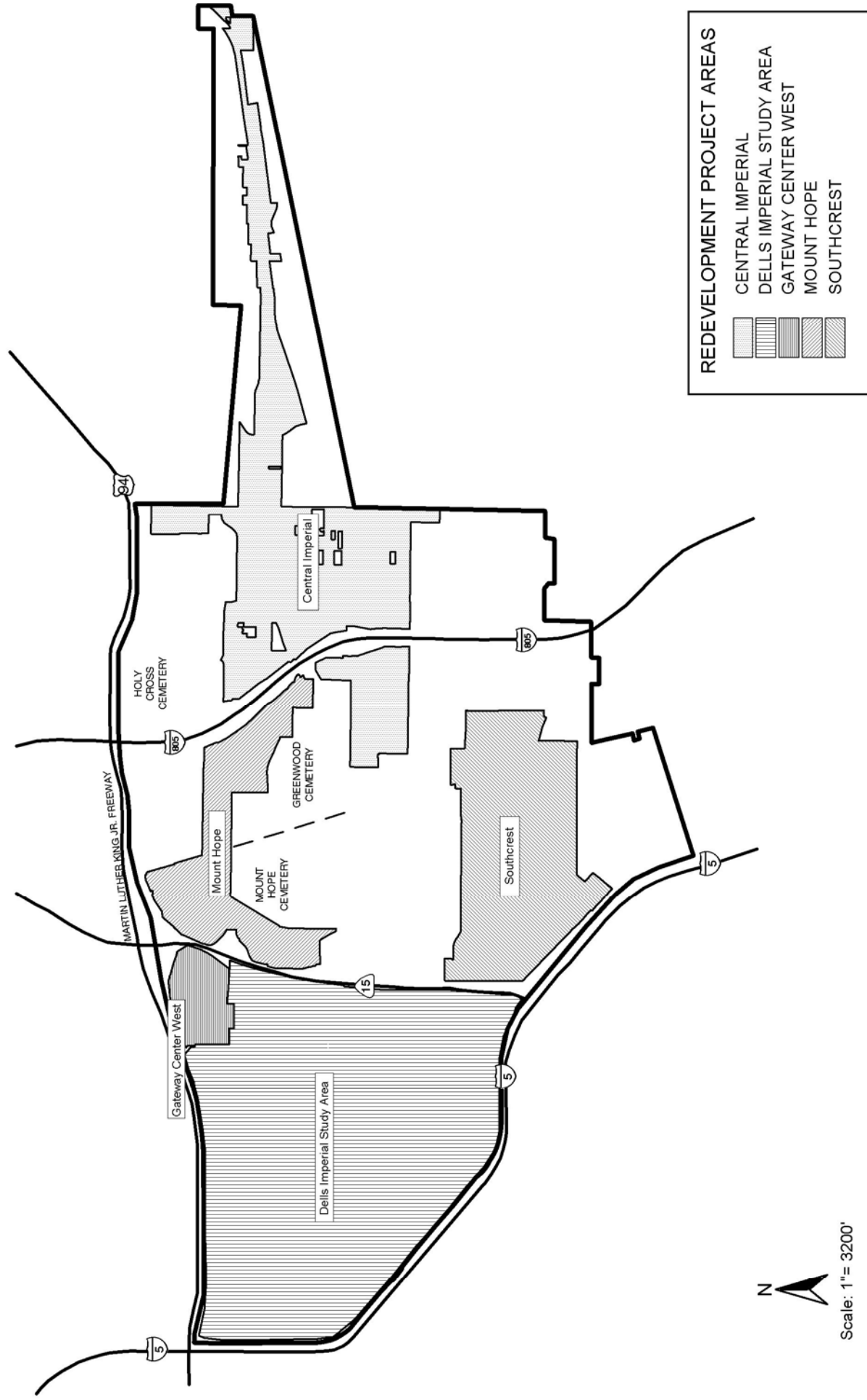


FIGURE  
1

# SEDC AREA OF INFLUENCE

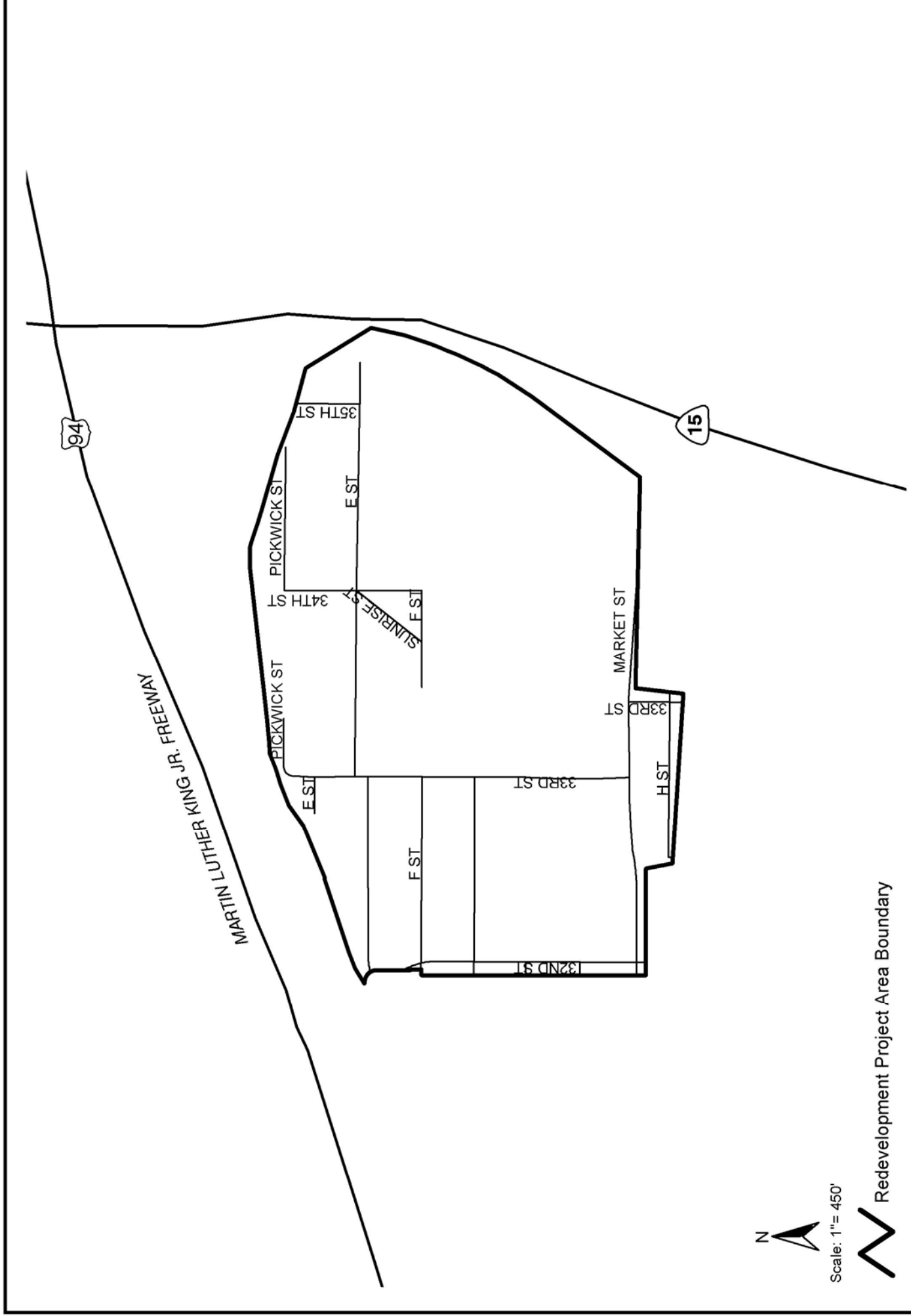
acres in the southeastern portion of the City of San Diego, at the intersection of State Route 15 (SR-15) and the Martin Luther King freeways.

A map of the Project Area is shown in Figure 2 and a detailed profile of the Project Area is provided in Table 1.

### **C. Implementation Plans**

In June 1994, the Redevelopment Agency of the City of San Diego (Agency) approved implementation plans for all of its redevelopment projects, in accordance with Section 33490 of California Redevelopment Law (CRL). This included the four (4) adopted redevelopment projects administered by SEDC, which are the Gateway Center West, Central Imperial, Southcrest, and Mount Hope Redevelopment Projects. Each implementation plan covered a five-year period, from 1994 to 1999, and set forth the specific goals and objectives for its respective area. These implementation plans also identified the specific redevelopment activities and/or programs that were anticipated to be “implemented” (e.g., completed) to assist in the alleviation of blighting conditions. In addition, they identified the projected expenditures associated with the redevelopment activities/programs; described how each activity/program would alleviate blight; and explained how the goals, objectives, projects, and expenditures would implement the CRL’s low and moderate income housing set-aside and housing production requirements. These implementation plans, adopted in June 1994, are referred to as the “Initial Implementation Plans”.

As noted above, after adoption of the “Initial Implementation Plans”, redevelopment agencies are required to review and adopt updated implementation plans every five years thereafter. The Agency directed that all redevelopment corporations conduct such a review. SEDC has reviewed each of its implementation plans, accordingly.



GATEWAY  
Redevelopment Project Area

**TABLE 1**

**Project Area Profile  
Gateway Center West Redevelopment Project**

<b>Land Area:</b>	Approximately 59 acres
<b>Boundary:</b>	East of 32 <sup>nd</sup> Street, west of Interstate 15, north of Market Street, and south of Highway 94.
<b>Land Use:</b>	<ul style="list-style-type: none"><li>27% SDG&amp;E Metro Center</li><li>25% Industrial (newer - since 1985)</li><li>19% Public right-of way</li><li>17% Industrial (older – prior to 1985)</li><li>7% Residential</li><li>3% Vacant</li><li>2% Open Space</li></ul>
<b>Date Adopted:</b>	November 17, 1976 as Dells Redevelopment Project; amended as Gateway Center West in 1985
<b>Term Limit:</b>	November 16, 2016
<b>Tax Increment Limit:</b>	\$6.0 million
<b>Bonded Indebtedness Limit:</b>	\$1.4 million
<b>Current Tax Increment Flow:</b>	\$252,000

Source: SEDC, April 2004



## **II. PROJECT GOALS AND OBJECTIVES**

The Gateway Center West Redevelopment Plan (Redevelopment Plan) was initially adopted in November 1976 under the name of Dells Redevelopment Project. As described in the Redevelopment Plan, the principal redevelopment goal for this area was the creation of an improved industrial/business park.

### **A. Blighting Conditions**

The Project Area was characterized by extensive blighting conditions at the time of the original plan adoption. These blighting conditions included both physical deterioration and economic dislocation. In general, the Project Area and its surroundings have suffered for many years from a loss of private investment and development activity, due in large part to deteriorating physical conditions, crime, the limited income of community residents, and overall image.

The Redevelopment Plan identified the principal blighting conditions in the Project Area in 1976 as follows:

- Incompatible land uses, including mixed development of industrial and residential uses.
- Obsolete and substandard structures, including single-family homes in poor condition.
- Under-utilized land.

In addition, inadequate public improvements, inferior circulation, parcels of irregular size and configuration, business out-migration, high unemployment, and a high crime rate also characterized the area.

### **B. Objectives and Actions Necessary for Alleviation of Blight**

The Redevelopment Plan identified specific objectives for the revitalization of the Project Area. These included:

- Strengthen an existing industrial area by implementing performance standards that assure desired site design and environmental quality.
- Provide sites for new and relocated industries that will provide employment for community residents.

- Maximize the multiplier effects of new businesses and employment on the surrounding community.
- Provide business opportunities for local residents.
- Develop under-utilized parcels, eliminate substandard and deteriorated structures, and phase out residential uses.
- Enhance infrastructure and other public improvements.

### **III. COMPLETED PROJECTS AND CONTRIBUTION TO BLIGHT ALLEVIATION**

The Agency has completed numerous projects in the Gateway Center West Redevelopment Project Area since the Redevelopment Plan was adopted in 1976. These have primarily included assistance toward private development activities. Agency activities in the Gateway Center West Project Area are reviewed below and described in greater detail in Table 2.

#### **A. Completed Private Projects**

The Agency's actions to sponsor private development in the Project Area have largely focused on enhancing existing industrial uses and adding new industrial facilities as part of an overall program to create a business park comparable to Gateway Center East. Current industrial uses in the business park include Cintas Uniform People, Gateway Dialysis Center West, International Conditioning Enterprises, Myriad Industries, Padre Janitorial, and Ferguson Enterprises.

Other Agency activities in the business park include: the establishment of a business incubator to provide assistance and guidance to small start-up businesses; and the negotiation of an Owner Participation Agreement with San Diego Gas & Electric for development of an office building at a future date.

In addition, the Agency operates a revolving loan program to assist Project Area businesses with expansion. Since 1982, the revolving loan program has assisted 36 businesses in all four of SEDC's Project Areas by providing approximately \$972,000 in loans.

The Agency's activities in the Gateway Center Redevelopment Project have been targeted at redevelopment of under-utilized properties to provide business and employment opportunities for community residents. These activities have contributed substantially to the alleviation of blighting conditions such as under-utilized land, incompatible land uses, business out-migration, and unemployment.

#### **B. Completed Public Improvements**

As indicated above, Agency activities in the Gateway Center West Project have focused primarily on private development activities. Public improvements in the Project Area have included CalTrans-sponsored improvements to SR-15 as well as Chollas Creek.

TABLE 2

**COMPLETED PROJECTS AND PROGRAMS AND CONTRIBUTION TO BLIGHT REMOVAL - PRIVATE  
GATEWAY CENTER WEST REDEVELOPMENT PROJECT  
JULY 2004 - JUNE 2009 IMPLEMENTATION PLAN  
SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION**

<b>Project/Program</b>	<b>Date Completed</b>	<b>Project/Program Description</b>	<b>Contribution to Blight Removal</b>
<b><i>Private Development Program:</i></b>			
Gateway Center West Master Plan	September 1992	Design guidelines and standards for uses, site planning, infrastructure, architecture, and landscaping. Created and began implementation in September 1992.	<ul style="list-style-type: none"> <li>• Alleviated deteriorated/dilapidated structures</li> <li>• Provided infrastructure improvements</li> <li>• Corrected inferior circulation</li> <li>• Corrected incompatible land uses</li> </ul>
Business Incubator Center	1995	Program provided assistance and guidance to small start-up businesses.	<ul style="list-style-type: none"> <li>• Alleviated deteriorated/dilapidated structures</li> <li>• Created employment opportunities</li> <li>• Utilized unproductive land</li> <li>• Prevented business out-migration</li> </ul>
Gateway Center West Industrial Buildings	October 2000	Approximately 59 acres developed with industrial buildings.	<ul style="list-style-type: none"> <li>• Alleviated deteriorated/dilapidated structures</li> <li>• Created employment opportunities</li> <li>• Utilized unproductive land</li> <li>• Prevented business out-migration</li> <li>• Provided infrastructure improvements</li> <li>• Corrected inferior circulation</li> <li>• Corrected incompatible land uses</li> </ul>
Revolving Loan Fund	March 2004	Program assisted Project Area businesses with expansion. Administration of program transferred to City of San Diego in March 2004.	<ul style="list-style-type: none"> <li>• Alleviated deteriorated/dilapidated structures</li> <li>• Created employment opportunities</li> <li>• Utilized unproductive land</li> <li>• Prevented business out-migration</li> <li>• Alleviated crime/lack of public safety</li> <li>• Served unmet commercial and retail needs</li> </ul>

### **C. Expenditure of Funds**

As shown in SEDC's Fiscal Year (FY) 2004 budget, cumulative Agency expenditures for the Gateway Center West Redevelopment Project totaled approximately \$15.1 million through FY 2003. These funds were dedicated to administrative and planning functions in support of private development, and assistance to businesses to facilitate growth and expansion. In FY 2005, the Agency expects to incur total expenditures related to the Gateway Center West Redevelopment Project of \$1.6 million.

#### **IV. UPDATED ASSESSMENT OF CURRENT BLIGHTING CONDITIONS**

The Agency has taken important steps toward the alleviation of blighting conditions in the Project Area. Nevertheless, blighting conditions are still present in the Project Area, and continue to impair private investment and development activity. As a result, a number of important developments and improvements still need to be implemented in order to achieve the Agency's goals and objectives.

A summary of the current blighting conditions in the Project Area are as follows:

- Incompatible land uses, including industrial uses located adjacent to residential uses.
- Deteriorated structures, such as older single-family homes.
- Under-utilized land.
- Inadequate public improvements/inferior circulation.
- Parcels of irregular size and configuration.
- Business out-migration/high unemployment.
- High crime/lack of public safety.

## **V. GOALS AND OBJECTIVES, PROPOSED PROJECTS, AND CONTRIBUTION TO BLIGHT ALLEVIATION**

This section identifies the Agency's goals and objectives, specific programs, and possible projects in the Project Area for the next five years. Explanation is also provided as to how these goals and programs will alleviate blight. Planned expenditures are also reviewed in this section.

### **A. Goals and Objectives**

The Agency's principal goals and objectives for the Project Area for the period July 2004 – June 2009 are as follows:

- Amend the Gateway Center West Redevelopment Plan to allow for the use of eminent domain for acquisition of industrial sites.
- Issue a Request for Qualifications (RFQ) to select developer(s) to develop sites.
- Review the feasibility of Project Area expansion.
- Amend the Gateway Center West Redevelopment Plan to expand Project Area.
- Integrate public art whenever possible.

### **B. Proposed Private Projects**

To achieve these objectives, the Agency proposes to undertake the programs and possible private development projects listed in Table 3 and summarized below. For each proposed activity, the table indicates blighted conditions that will be alleviated.

The Agency plans a program of private development on various sites in the Project Area. Agency activities in support of development on these potential sites include:

- Acquisition of property for additional businesses wanting to locate to the Gateway Center West Industrial Park.
- Development by SDG&E of a 40,000-SF office building at their existing facility site.

As shown in Table 3, Agency-sponsored private developments in the Project Area can be expected to contribute to blight alleviation by reducing conditions of crime, business out-migration, unemployment, depreciated/stagnated property values, and vacant/underutilized land.

### **C. Proposed Public Improvements**

The Agency also plans to undertake a number of major public improvements in the Project Area during the next five years. These include:

- Identifying funding for, and installation of, various public improvements.
- Reviewing the feasibility of expanding the Project Area to include a portion of the Imperial Avenue and Commercial Street corridors.

Table 4 shows that the proposed public improvements will contribute to the alleviation of crime, business out-migration, and depreciated stagnated property values.

### **D. Proposed Expenditures**

Redevelopment agencies are required to identify their proposed expenditures over the next five years for purposes of alleviating blight. Agency expenditures for the programs identified in this five-year plan will be derived from the following sources:

- Sale of tax allocation bonds supported by tax increment revenues from the Project Area.
- Tax increment revenues over and above the amounts required to cover debt service on the tax allocation bonds.
- Housing set-aside funds, which must be used for low and moderate income housing. (The status of the Agency's Housing Funds, possible housing developments, and potential expenditures are reviewed in the next section.)
- Loans and advances that may be provided from time to time by the City of San Diego.
- Section 108 loans.
- Proceeds from sales and land leases to private developers for purposes of implementing specific redevelopment projects.
- Loans and advances from private developers.



TABLE 3

**PROPOSED PROJECTS AND PROGRAMS AND CONTRIBUTION TO BLIGHT REMOVAL - PRIVATE  
GATEWAY CENTER WEST REDEVELOPMENT PROJECT  
JULY 2004 - JUNE 2009 IMPLEMENTATION PLAN  
SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION**

<b>Project/Program</b>	<b>Existing Use</b>	<b>Project/Program Description</b>	<b>Contribution to Blight Removal</b>
<b><i>Private Development Program:</i></b>			
GWCW Renovation Project	Vacant, existing industrial and residential uses	Acquire properties to facilitate additional businesses to locate in GWCW Industrial Park.	<ul style="list-style-type: none"> <li>• Create employment opportunities</li> <li>• Alleviate crime/lack of public safety</li> <li>• Prevent business out-migration</li> <li>• Utilize unproductive land</li> <li>• Alleviate deteriorated/dilapidated structures</li> </ul>
SDG&E	SDG&E facility	Construction of an additional office building totaling approximately 40,000 SF.	<ul style="list-style-type: none"> <li>• Alleviate crime/lack of public safety</li> <li>• Create neighborhood stability</li> <li>• Prevent business out-migration</li> <li>• Create employment opportunities</li> <li>• Utilize unproductive land</li> </ul>

**TABLE 4**

**PROPOSED PROJECTS AND PROGRAMS AND CONTRIBUTION TO BLIGHT REMOVAL - PUBLIC  
GATEWAY CENTER WEST REDEVELOPMENT PROJECT  
JULY 2004 - JUNE 2009 IMPLEMENTATION PLAN  
SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION**

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<b>Project/Program</b>	<b>Existing Use</b>	<b>Project/Program Description</b>	<b>Contribution to Blight Removal</b>
<b><i>Public Improvement Program:</i></b>			
Public Improvements	N/A	Identification and installation of various public improvements.	<ul style="list-style-type: none"><li>• Alleviate crime/lackof public safety</li><li>• Create neighborhood stability</li></ul>
Redevelopment Plan Amendment	N/A	Review feasibility of expansion of the Project Area to include portions of the Imperial Avenue and Commercial Street corridors.	<ul style="list-style-type: none"><li>• Alleviate crime/lackof public safety</li><li>• Prevent business out-migration</li><li>• Alleviate depreciated/stagnant property values</li><li>• Create neighborhood stability</li></ul>

Tax revenues are expected to represent the major funding sources for Agency programs. In FY 2005 the Agency expects to receive about \$182,000 in net tax increment from the Gateway Center West Redevelopment Project. Net tax increment is the amount available for new programs after pass-throughs, contributions toward the Education Revenue Augmentation Fund (ERAF), and County administrative fees. The Agency expects this figure to rise about 2% annually over the next five years. Based on this assumption the Agency can expect to receive approximately \$947,000 (not discounted) in net tax increment over the next five years.

Gross estimates of Agency expenditures for some of the proposed project identified in the previous section are listed on Table 5. The actual amount and timing of Agency expenditures will depend on the availability of funding. The Agency will continue to leverage its limited financial resources with other funding sources in order to implement its redevelopment programs. These may include, among others, advances or payments from developers and property owners, loans from the City, and financial participation by other public agencies. In some cases, it may be prudent for the Agency to aggregate funds to certain minimum levels before investing in programs and projects in this Plan.

**TABLE 5**

**ESTIMATED EXPENDITURES  
GATEWAY CENTER WEST REDEVELOPMENT PROJECT  
JULY 2004 - JUNE 2009 IMPLEMENTATION PLAN  
SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION**

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<b>Private Projects/Programs</b>	<b>Description</b>	<b>Estimated Expenditure</b>
<ul style="list-style-type: none"><li>• GWCW Renovation Project</li></ul>	To acquire additional property	\$600,000
<ul style="list-style-type: none"><li>• Redevelopment Plan Amendment</li></ul>	To expand Project Area, form a Project Area Committee	\$150,000
<b>Total</b>		<b>\$750,000</b>

## **VI. HOUSING PRODUCTION PLAN**

In addition to the removal of blight, a fundamental purpose of redevelopment is to expand and preserve the supply of low and moderate income housing. To accomplish this purpose, California Redevelopment Law contains numerous provisions to guide redevelopment agency activities with regard to affordable housing. One of these provisions is a requirement placed on redevelopment agencies to include a housing production plan in each five-year Implementation Plan. The housing plan must specify the Agency's intended approaches to increase, improve, and preserve the supply of low and moderate income housing.

This section is organized as follows:

- First, a review of SEDC Housing Assistance programs, programs provided in cooperation with the San Diego Housing Commission, and the Agency's Comprehensive Affordable Housing Strategy Collaborative (Collaborative).
- Next, discussion of the three principal housing mandates of California Redevelopment Law -- housing set-aside funds, the replacement rule, and the inclusionary obligation -- including an assessment of the Agency's present situation with respect to each requirement.

### **A. Housing Assistance Programs**

#### **1. SEDC Housing Assistance Programs**

The Agency has implemented a number of special assistance programs to achieve its goals for maintaining affordability and rehabilitating housing throughout SEDC's area of influence. SEDC has primarily focused on owner-occupied housing assistance. SEDC's current programs work through increasing opportunities for affordable financing for the acquisition and/or rehabilitation of existing single-family homes. To increase the supply of affordable housing, SEDC's programs include development financing assistance, such as land acquisition/construction loans and gap financing for new developments. For first-time homebuyers, SEDC offers shared equity loans (silent seconds) and down payment and/or closing cost assistance for low to moderate income families.

In addition, SEDC has facilitated homebuyer workshops, where potential purchasers are provided with information on the homebuying process as well as the various home loan programs available in the marketplace. Purchasers receive a credit report, are pre-qualified for a home loan, and, where necessary, are assisted with budgeting for a down payment.

In 1999, SEDC adopted an update to its 1993 Housing Policies and Program document. Development guidance was one of the major issues addressed in the updated document. SEDC formed a multi-family advisory committee to establish development guidelines. In 2000 SEDC adopted the Multi-Family Development Guidelines which are utilized to evaluate multi-family development proposals. The Guidelines address the site planning, architectural, and landscaping components of development that have an impact on the physical and social fabric of the community.

### *Cooperation with San Diego Housing Commission*

SEDC works closely with the San Diego Housing Commission (SDHC) in developing and marketing affordable housing finance programs in its project areas. Their overall policy goals are to work together to provide additional rehabilitation and homeownership opportunities. Efforts for the Project Area have concentrated on the Shared Equity and Downpayment Grant Programs for low to moderate first-time homebuyers. Together SEDC and SDHC have developed applicant criteria and loan terms and conditions; involved real estate agents; and enlisted financial institutions in funding the loans.

## ***2. Agency's Comprehensive Affordable Housing Strategy Collaborative***

The Redevelopment Agency, comprised of the City's Redevelopment Division, Centre City Development Corporation (CCDC) and SEDC, has formed a collaborative with the San Diego Housing Commission to accelerate and encourage new affordable housing development citywide. In January 2003, leveraging housing set-aside funds, the Collaborative issued a Notice of Funding Availability (NOFA) announcing the availability of \$55 million to provide gap financing for very low, low, and moderate income housing. The Project Area, along with the 15 other redevelopment project areas in the City of San Diego, is eligible to participate in this program, both financially and with proposed projects. The NOFA has so far generated significant interest from developers and as the funds are committed during 2004, the Agency will consider issuing another such notice perhaps by 2005.

## **B. Low and Moderate Income Housing Requirements**

### ***1. Housing Set-Aside Strategy***

State Redevelopment Law requires that 20% of the tax increment generated in Project Areas be used for the purposes of increasing or improving the community's supply of very low, low, and moderate income housing. State law mandates that redevelopment agencies use housing set-aside monies in a timely manner, or otherwise forfeit these funds to other public agencies with housing responsibilities. Specifically, the law stipulates that agencies may not retain "Excess Surplus" in their set-aside housing funds. "Excess Surplus" is

defined as the amount of an Agency's Housing Fund in excess of \$1,000,000, or the amount in the fund in excess of the aggregate contribution of the prior four-year period.

To date the Agency has made cumulative total deposits into the Gateway Center West Low/Mod (20%) Housing Fund of approximately \$746,000. About \$442,000 of these funds were expended to assist with street improvements and site acquisitions, which augmented the Southcrest redevelopment area housing activities. Additional funding other than set-aside funds were expended for overhead and administrative costs associate with housing activities and debt service payments. As a result, the Agency's current total balance of housing set-aside funds is approximately \$28,000.

### Housing Fund Targeting

Under California Health and Safety Code Section 33334.4, the Agency must target set-aside expenditures in accordance with an income proportionality test and an age restriction proportionality test. These proportionality tests must be met between January 1, 2002 and December 2014, and then again through the termination of the Project Area. These tests do not have to be met on an annual basis.

### Housing Need

The income proportionality test requires that the Agency target set-aside expenditures to the relative percentage of unmet need for very low, low, and moderate income units, as defined in the City's most recently approved Housing Element. Based on the City's 1999-2004 Housing Element, the Agency's minimum required allocation for very low and low income expenditures, and maximum moderate income housing expenditures are:

Very Low Income:	At least 32%
Lower Income	At least 29%
Moderate Income	No more than 39%

The Agency is entitled to expend a disproportionate amount of funds for very low income households, and to subtract a commensurate amount from the low and/or moderate income thresholds. Similarly, the Agency can provide a disproportionate amount of funding for low income housing by reducing the amount of funds allocated to moderate income households. In no event can the expenditures targeted to moderate income households exceed the established threshold amount.

In order to meet the income targeting standards, SEDC proposes that this Implementation Plan allocate 32% of the Housing Fund project and program expenditures to very low

income households, 29% of the fund to low income households, and no more than 39% of the funds to moderate income households.

### Expenditures on Senior Citizen Projects

The age restriction proportionality test requires that the maximum percentage of set-aside funds that an agency can allocate to senior housing is limited to the percentage of residents within the City that are 65 years of age and older, as reported by the most recent census of the U.S. Census Bureau.

As shown below, according to Census 2000, 10.5% of the City's population is aged 65 years or older.

City of San Diego Senior Test:		
Under 65 Year Old	1,095,392	89.5%
65 Years and Older	128,008	10.5%
Source: U.S. Census, Census 2000		

In order to meet the age restriction proportionality test requirements, SEDC proposes that this Implementation Plan allocate 89.5% of the Housing Fund project and program expenditures to non-age-restricted housing.

## **2. Replacement Obligation**

State law also requires the replacement of low and moderate income housing when an agency causes the removal of such housing as part of its redevelopment activities. Redevelopment agencies are required to cause the development of replacement dwelling units, for low or moderate income households, in numbers equal to those eliminated, within four years of removal.

To date, redevelopment activities in the Gateway Center West Redevelopment Project have not caused any housing units or households to be displaced. If future development requires the removal of any housing units, SEDC will provide replacement housing units in one of its four Project Areas.

## **3. Inclusionary Housing**

State law incorporates inclusionary housing requirements where defined percentages of housing must be reserved for low and moderate income households. Where the Agency



does not directly develop or substantially rehabilitate units, at least 15% of all new or substantially rehabilitated units in a Project Area must be affordable to low and moderate income households. Of the 15% reserved, 40% must be restricted to very low income households.

If housing is developed or rehabilitated by the Agency itself, 30% of the housing must be affordable to low and moderate income households. Of those units, 50% must be affordable to very low income households.

Prices or rents for inclusionary units must be restricted by Agency-imposed covenants for the longest feasible time, as determined by the Agency. With respect to for-sale housing, this restriction must apply for a minimum of 45 years. The minimum requirement for rental housing is 55 years.

State law allows redevelopment agencies to combine developments from several Project Areas to meet the inclusionary housing obligation described above. In addition, housing production outside Project Areas may be counted, on a 2-for-1 basis, in order to fulfill these requirements.

*Status of Inclusionary:* The Gateway Center Redevelopment Project Area is an industrial development area and will not include any housing development. The requirement for inclusionary housing will not apply to this Project Area.

### **C. Proposed Housing Program**

Redevelopment agencies are required to outline proposed housing activities at varying levels of detail for five years, ten years, and the life of the Redevelopment Plan. Since the Gateway Center Redevelopment Project Area is an industrial development area, the Agency does not anticipate the development of any housing in the Project Area over the life of the Redevelopment Plan.

Housing set-aside funds from the Redevelopment Project will be used to fund SEDC's housing programs in the Agency's jurisdiction in Southeastern San Diego. As presented in Tables 6 through 8 and summarized below, an estimate of housing set-aside appropriations for all four Project Areas combined was projected over the next five years, ten years, and the life of the Redevelopment Plan. These estimates are as follows:

<b><u>Housing Set-Aside Appropriations:</u></b>		<b><u>5-Year Plan</u></b>	<b><u>10-Year Plan</u></b>	<b><u>Lifetime Plan</u></b>
Total Housing Set-Aside Funds Received (1)		\$3,933,000	\$8,274,000	\$14,328,000
Housing Need Appropriations:				
Very Low	At least 32%	\$1,259,000	\$2,648,000	\$4,585,000
Low	At least 29%	\$1,140,000	\$2,399,000	\$4,155,000
Moderate	No more than 39%	<u>\$1,534,000</u>	<u>\$3,227,000</u>	<u>\$5,588,000</u>
Total		\$3,933,000	\$8,274,000	\$14,328,000
Senior Citizen Projects Appropriations:				
Under 65 Years	89.5%	\$3,520,000	\$7,405,000	\$12,824,000
Old				
65 Years and	No more than 10.5%	<u>\$413,000</u>	<u>\$869,000</u>	<u>\$1,504,000</u>
Older				
Total		\$3,933,000	\$8,274,000	\$14,328,000
(1) Total projected housing funds received over the next five years, ten years, and the life of the Plan, respectively. Estimate reflects the current balance of all four Project Area's housing set-funds combined (\$741,000), increasing by 2.0% per year.				

TABLE 6

**PROJECTED HOUSING SET-ASIDE FUND APPROPRIATIONS - FIVE YEAR PLAN**  
**GATEWAY CENTER WEST REDEVELOPMENT PROJECT**  
**JULY 2004 - JUNE 2009 IMPLEMENTATION PLAN**  
**SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION**

		<u>FY</u> <u>2005</u>	<u>FY</u> <u>2006</u>	<u>FY</u> <u>2007</u>	<u>FY</u> <u>2008</u>	<u>FY</u> <u>2009</u>	<u>Total</u>
<b>I. Total Projected Housing Set-Aside Funds Received</b>							
	Assumed Escalation 2.0%						
	Annual Housing Set-Aside Funds Received	\$711,000	\$725,000	\$740,000	\$755,000	\$770,000	\$3,701,000
	Add: Current Balance FY 2004						<u>\$741,000</u>
	<b>Total Projected Housing Funds Received</b>						<b>\$4,442,000</b>
<b>II. Housing Need Test</b>							
	Very Low Income 32%		\$1,422,000				
	Lower Income 29%		\$1,288,000				
	Moderate Income <u>39%</u>		<u>\$1,732,000</u>				
	Total 100%		\$4,442,000				
<b>III. Expenditures on Senior Citizen Projects</b>							
	Under 65 Years Old 89.5%		\$3,976,000				
	65 Years and Older <u>10.5%</u>		<u>\$466,000</u>				
	Total 100%		\$4,442,000				

TABLE 7

**PROJECTED HOUSING SET-ASIDE FUND APPROPRIATIONS - TEN-YEAR PLAN**  
**GATEWAY CENTER WEST REDEVELOPMENT PROJECT**  
**JULY 2004 - JUNE 2009 IMPLEMENTATION PLAN**  
**SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION**

			<u>FY</u> <u>2005</u>	<u>FY</u> <u>2009</u>	<u>FY</u> <u>2010</u>	<u>FY</u> <u>2011</u>	<u>FY</u> <u>2012</u>	<u>FY</u> <u>2013</u>	<u>FY</u> <u>2014</u>	<u>Total</u>
<b>I. Total Projected Housing Set-Aside Funds Received</b>										
Assumed Escalation 2.0%										
Projected Annual Housing Set-Aside Funds Received			\$711,000	\$770,000	\$785,000	\$801,000	\$817,000	\$833,000	\$850,000	\$7,787,000
Add: Current Balance FY 2004										<u>\$741,000</u>
<b>Total Projected Housing Funds Received</b>										<b>\$8,528,000</b>
<b>II. Housing Need Test</b>										
Very Low Income	32%		\$2,729,000							
Lower Income	29%		\$2,473,000							
Moderate Income	<u>39%</u>		<u>\$3,326,000</u>							
Total	100%		\$8,528,000							
<b>III. Expenditures on Senior Citizen Projects</b>										
Under 65 Years Old	89.5%		\$7,633,000							
65 Years and Older	<u>10.5%</u>		<u>\$895,000</u>							
Total	100%		\$8,528,000							

TABLE 8

**PROJECTED HOUSING SET-ASIDE FUND APPROPRIATIONS - LIFETIME PLAN <sup>(1)</sup>**  
**GATEWAY CENTER WEST REDEVELOPMENT PROJECT**  
**JULY 2004 - JUNE 2009 IMPLEMENTATION PLAN**  
**SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION**

**I. Total Projected Housing Set-Aside Funds Received**

	<u>FY 2005</u>	<u>FY 2020</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>Total</u>
Assumed Escalation 2.0%					
Projected Annual Housing Set-Aside Funds Received	\$711,000	\$574,000	\$634,000	\$646,000	\$15,937,000
Add: Current Balance FY 2004					<u>\$741,000</u>
<b>Total Projected Housing Funds Received</b>					<b>\$16,678,000</b>

**II. Housing Need Test**

Very Low Income	32%	\$5,337,000
Lower Income	29%	\$4,837,000
Moderate Income	<u>39%</u>	<u>\$6,504,000</u>
Total	100%	\$16,678,000

**III. Expenditures on Senior Citizen Projects**

Under 65 Years Old	89.5%	\$14,927,000
65 Years and Older	<u>10.5%</u>	<u>\$1,751,000</u>
Total	100%	\$16,678,000

(1) Expiration dates for each of the four Redevelopment Plans range from 2016 to 2027.